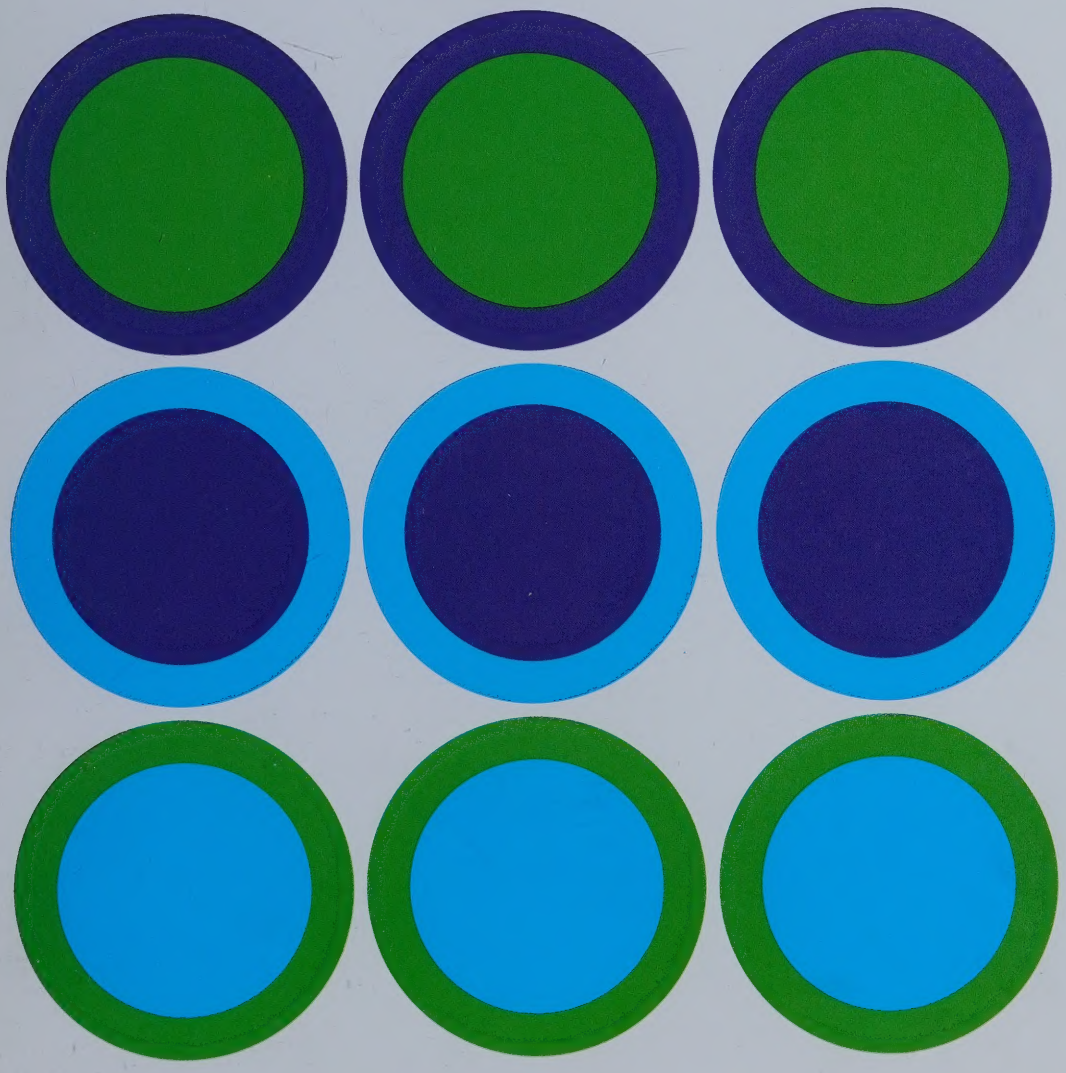
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The Huron and Erie Mortgage Corporation and The Canada Trust Company 1970 Annual Report



WOMEN



MEN

OFFICERS



PRESIDENT'S REPORT

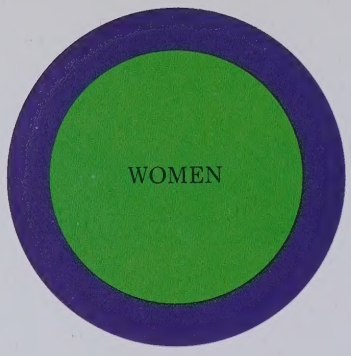
GENERAL MANAGER'S REPORT



EMPLOYEES

"People helping People"





"People Helping People" is synonymous with women, whether it's the homemaker or the career girl. At Canada Trust, we recognize their importance not only as people, but also as customers and shareholders.

And this is why we so carefully include their needs in our planning. Canada Trust is executor for many thousands of Wills; a high percentage of them naming women as principal beneficiaries. Women have control of much of the money in Canada, and make decisions in long-term finance at all levels of society.

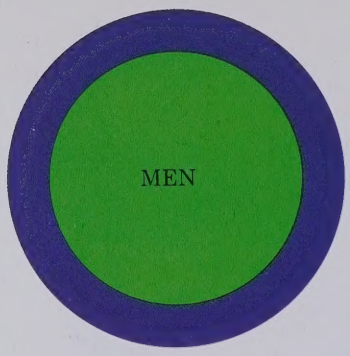
To help women who are not so involved in financial matters as others, we hold "fashion in finance" forums, providing insight into a variety of money matters.

Our chequing accounts help in day-to-day money management;

our longer hours help too on busy days. Several branches even have drive-in teller units allowing a mother to stay in her car with the youngsters while doing business with us.

We think of the little extras women appreciate too. A rain bonnet during the unexpected shower, sewing kits to fix that annoying repair at unexpected moments, fashion covers for cheque books, coffee and cakes at our branches on special occasions — they all go to show we take our ladies seriously.





"People Helping People" means understanding the responsibility of men. Today's highly specialized and complex world places a new kind of burden on the head of a family. This is why our objective is to provide services not only to help men plan, but also to help them realize their plans.

For instance, when we advertised our registered retirement savings fund, a man from Toronto actually wrote to thank us for running the advertisement. It seems no one had clearly explained to him the income tax concessions that the government offers to people wishing to plan in advance for their retirement. By ending

his confusion, we helped him begin a positive new program.

But men are grateful for our help every day. Whether we're helping a man plan for his children's education, lending him money for a new car, arranging mortgage financing for him, helping him sell his home, making certain his family is cared for if something should happen to him, advising him on an investment program to protect savings against inflation, we're always helping.

It's all part of modern life, part of the economy of the country. For even in this day and age of affluence, there is never enough money to achieve all goals without careful thought and planning.





"People Helping People" means children. Little people have always been our concern.

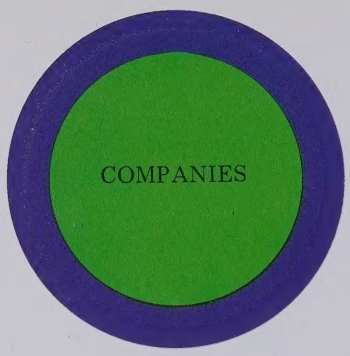
The attitudes they acquire now towards us will tend to stay with them the rest of their lives. After all, they are our future customers, and because their future is our need, we encourage young people to look on us as friends.

So, we do all we can to help make a good and lasting impression. We encourage them in many ways. Balloons for the very young, road fun books, piggy-banks; the little things that help make a child's day, the things that say we are friendly people.

There are other things we do for our young Canadians; things like children's choirs at Christmas-time and scholarships for high school students. We try to instill in them a sense of fair-play, through our Good Sports Awards.

Last, but not least, our tellers treat the youngsters in a way that makes them feel responsible, and encourage them to plan for the future. Whether it's suggesting that a boy keep profits from his paper route in a savings account, or helping a girl draw up a savings program for a special project, it's more than a pleasure to us, because children are the leaders of tomorrow.





"People Helping People" means helping people indirectly through our corporate services.

The chemical worker in Edmonton, for instance, or the die fabricator in Montreal, may belong to a pension fund that is managed and administered by us on behalf of their employers.

The management of pension and other employee benefit plans is a service of ours that has flourished, thanks in large part to our team of investment and administrative specialists who have

established such an excellent performance record.

Throughout the country, we act for corporations in a wide range of capacities, as registrar, transfer agent, dividend disbursing agent, trustee under bond issues, and in the appraisal and sale of real estate.

In many areas, we also offer a complete co-ordinated property management service. This relieves clients of time consuming responsibilities, such as finding tenants, collecting rents, and recording and maintaining property.

This shows that our services are in fact for everyone. At one moment we may be solving the problems of a one-man operation, at another, we may be helping the decision-makers of a gigantic corporation.

Truly, money management is our way of life.



OFFICERS

Corporate Planning and Policy Committee



ARTHUR H. MINGAY
Vice-President and General Manager



J. ALLYN TAYLOR
Chairman and President



WALTER A. BEAN
Deputy Chairman and Vice-President

Vice-Presidents



TOM LAWSON



MAXWELL C. G. MEIGHEN



JOHN D. WILSON

PRESIDENT'S REPORT



Continuing acceleration in the growth-rate of volume of assets entrusted to Canada Trust - Huron & Erie is striking evidence of public confidence in the Company and the standard of service for which its people strive.

The pages of this report, and particularly the remarks of the General Manager, tell the story of action and accomplishment that accompanied the growth in 1970. The economic climate in which the action took place showed dramatic change as the year progressed and some of the challenges to Canada in the seventies came into sharp perspective.

ECONOMIC CONDITIONS

As the year commenced inflation and the efforts to reduce its ravages held centre stage. The progress that was made in this respect, in subsequent months, came at a high price in terms of unemployment and economic slowdown. Then as the year progressed, the Federal Government was faced with increasing political pressure to reactivate the economy and thus alleviate the growing unemployment, and its stance in both monetary and fiscal policy showed significant change.

In the monetary field there was an increase of over one billion dollars in the money supply in October and November alone - a sharp contrast to the earlier months of the year. The fiscal policy reflected in the November budget was definitely expansionary and spending appears to have been re-established as the order of the day.

High unemployment must be a major worry of course but the risk of renewed inflation over the longer term is very real as well. The government has an extremely difficult job ahead in steering a course that will reactivate the economy without at the same time rekindling a new and even more dangerous inflation fire. For the short term the stimulus to the economy that is now taking place should bring significant improvement. This will be augmented by continuation of exceptionally high exports, sustained by increased sales to the United States and by sizeable wheat exports. These factors should more than offset the uncertainty of tax changes, narrowing margins of profit and the adverse affect on many industries of the stronger Canadian dollar.

NEW LEGISLATION

During 1970, long-awaited Federal and Ontario legislation of particular interest to us, was enacted.

Under Federal legislation, the Trust and Loan Acts were amended in several important respects. There is new procedure that assists the merging of Waterloo Trust and Halton & Peel, as Provincial companies, with Canada Trust which is under Federal statute. There is provision for increase in borrowing powers in the discretion of the Treasury Board, from fifteen times capital and reserve to twenty times, and our resulting application for increase has already been approved. Finally, there is authorization enabling trust and loan companies to make personal loans and thus increase their competitive effectiveness.

Amendments in November to trust and loan legislation in Ontario co-relate with the new Federal legislation and are particularly significant in our case, in expediting the completion of the

Waterloo Trust and Halton & Peel mergers.

MERGERS

We expect the mergers to be completed early in 1971. This will be a welcome step for it will remove the task of multiple accounting and record-keeping which has been required since Waterloo Trust and Halton & Peel were acquired as subsidiaries in 1968. The many people in many different capacities whose duties have been made more onerous meanwhile, deserve special commendation for the willing, cooperative attitude they have displayed throughout the piece. Their conduct has been a striking illustration of how and why a company succeeds.

INCREASE IN CAPITAL

In August 1970 shareholders were offered opportunity to subscribe for treasury stock through a rights offering on a basis of one share for each eight shares then outstanding. The rights offering was enthusiastically received and more than 99% successful. As a result approximately seven and a half million dollars was added to paid-up capital and general reserve, thus broadening the base on which further Company growth can sensibly take place.

At the present time our growth prospects appear virtually without limit, save for the restraint which self-discipline must exercise. Rate of growth is a prime measure of successful management. It is the fine art of balancing unused potential against undue expansion. In the present chapter of this century-old Company, your Directors and management are consciously guarding against the temptation for growth to outstrip staff requirements, service standards and sound investment opportunities. Bigger and better are not synonymous terms.

ACCOUNTING CHANGES

There are two aspects of accompanying statements to which specific attention should be drawn, even though they are covered in the foot notes.

The first relates to additions to the Reserve for Securities and Loans. Commencing in 1970 transfers to that reserve are being made on an after-tax basis from unappropriated earnings, instead of being charged to the Consolidated Statement of Earnings. As a result stated net earnings have been significantly increased. The reason is this. We are continuing to allocate substantial sums to the Reserve for Securities and Loans even though the reserve exceeds the maximum limit now allowed for tax purposes and there is therefore no tax incentive involved. We are doing this because we believe it to be prudent administration. However, the policy of charging the allocation directly to earnings, as we have done in the past, distorts the true earnings picture and therefore, commencing with the 1970 figures, net earnings are being shown after taxes, but before any reserve transfers. Net earnings are then added to unappropriated earnings and the transfers to reserves are made from there.

To ensure full disclosure of any losses or write-downs on mortgages and other loans, the Reserve for Securities and Loans is being broken out so that any such loss or write-down during the year, will be shown separately from profit or loss on bond and stock investments.

The second reference relates to the item fees and commissions in the Consolidated Statement of Earnings. To reduce the time lag between the

rendering of administrative services and the collection of relevant fees, a new billing policy applicable to large estate, trust and agency accounts was adopted in 1970. In that category of account fees are now charged quarterly and, as a result additional net earnings of approximately $422,000 are included in the 1970 figures.

EARNINGS

After allowing for the change in billing policy referred to immediately above our 1970 earnings showed modest increase over the previous year. They were, like those of virtually all financial institutions, under adverse pressure from high interest rates and reduced business tempo. If there is significant improvement in the economy in 1971, as appears likely, this coupled with the lower level of interest rates now prevailing should reflect favourably in Canada Trust - Huron & Erie earnings in the coming year.

DIRECTOR AND ADVISORY BOARD PERSONNEL

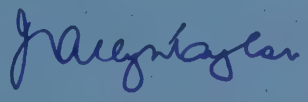
During the year we suffered unusually heavy loss through the deaths of a number of Directors and Advisory Board members, namely: F. Philip Galbraith, Red Deer, a member of the Canada Trust Board; J. Kenneth Sims, Kitchener, a member of the Waterloo Trust Board; W.B.C. Burgoyne and A.A. Widdicombe both of St. Catharines and members of the Niagara Peninsula Advisory Board; Mark Collins of the Vancouver Advisory Board; R.A. Treleaven of the Montreal Advisory Board and F.C. Beny of Medicine Hat, a member of the Southern Alberta Advisory Board. In addition, Howard P. Wright by reason of ill-health, and Holland Cameron by reason of change of residence, resigned from the Central Alberta Advisory Board in Calgary; also, by reason of his move to the United States, R. K. Bannister retired from the Northern Alberta Advisory Board.

Each of these several gentlemen had made significant contribution to the strength of Canada Trust - Huron & Erie and they will be genuinely missed.

Director strength was augmented significantly during the year, by the election to the Canada Trust Board of C.O. Nickle of Calgary and R.W. Stevens of Toronto. Mr. Nickle continues as Chairman of the Central Alberta Advisory Board and Mr. Stevens becomes a member of the Toronto Advisory Board.

I am happy to report the appointment to the Niagara Peninsula Advisory Board of James L. Auld on his retirement from the managership of St. Catharines Branch.

On behalf of Directors, Advisory Board members and shareholders alike, I again express warm appreciation to the more than eighteen hundred men and women on our staff for conscientious, intelligent pursuit of their various responsibilities. They exemplify the "People Helping People" theme of this report. Most assuredly they were the principal factor in the significant accomplishments of the year under review.



Chairman and President

London, Ontario, January 22, 1971



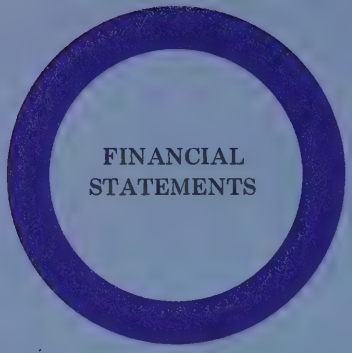
CONSOLIDATED BALANCE SHEET *December 31, 1970*

Assets	1970	1969
Cash and items in transit	$ 11,274,000	$ 9,323,00
Securities *note 2*		
Bonds:		
Government of Canada	98,275,000	98,158,00
Provinces of Canada	27,977,000	27,568,00
Other	37,312,000	29,339,00
	163,564,000	155,065,00
Short term corporation notes	—	17,263,00
Stocks	14,564,000	13,791,00
(Market value 1970 $180,309,000; 1969 $178,273,000)	178,128,000	186,119,00
Loans		
Mortgages *note 3*	1,085,689,000	966,827,00
Personal loans	6,074,000	1,842,00
Loans on securities	18,380,000	11,046,00
Advance to estates, trusts & agencies	1,374,000	1,754,00
	1,111,517,000	981,469,00
Other assets *note 4*	812,000	467,00
Premises and equipment *note 5*	22,790,000	21,281,00
	$1,324,521,000	$1,198,659,00

iabilities	1970	1969
eposits		
Demand	$ 389,396,000	$ 362,626,000
Deposit certificates	42,684,000	64,139,000
Term	822,595,000	712,212,000
	1,254,675,000	1,138,977,000
ther Liabilities		
Income taxes payable	1,587,000	2,439,000
Dividend payable	773,000	638,000
	2,360,000	3,077,000
eferred income taxes	641,000	487,000
eserve for securities and loans	21,941,000	20,167,000
nareholders' Equity		
apital *note 6*		
Authorized, 10,000,000 shares of $2 each.		
Issued and fully paid 5,521,088 shares (1969 4,911,856 shares)	11,042,000	9,824,000
eneral reserve	33,400,000	25,600,000
nappropriated earnings	462,000	527,000
	44,904,000	35,951,000
	$1,324,521,000	$1,198,659,000

ne undersigned officials of The Huron and Erie Mortgage rporation and The Canada Trust Company hereby certify at they have examined the foregoing consolidated tements of the said Companies and that to the best of eir knowledge and belief the said consolidated tements are correct, and show truly and clearly the financial condition of the affairs of the Companies.

J. ALLYN TAYLOR, Chairman and President
W. A. BEAN, Deputy Chairman and Vice-President
A. H. MINGAY, Vice-President and General Manager



CONSOLIDATED STATEMENT OF EARNINGS *Year Ended December 31, 1970*

	1970	1969
Income		
Interest from loans	$ 90,629,000	$ 72,218,000
Income from securities	11,062,000	11,588,000
Fees and commissions *note 7*	9,033,000	7,767,000
Other	3,764,000	3,452,000
	114,488,000	95,025,000
Expense		
Interest on deposits	80,660,000	64,109,000
Salaries and staff benefits	11,762,000	10,564,000
Other	10,423,000	9,781,000
	102,845,000	84,454,000
Earnings before taxes	11,643,000	10,571,000
Income taxes *note 8*	5,632,000	5,117,000
Net earnings *notes 7 & 9*	$ 6,011,000	$ 5,454,000
Net earnings per share *Based on weighted average of shares outstanding*	$1.18	$1.11

CONSOLIDATED STATEMENT OF UNAPPROPRIATED EARNINGS *Year Ended December 31, 1970*

	1970	1969
Balance at beginning of year	$ 527,000	$ 540,000
Net earnings	6,011,000	5,454,000
	6,538,000	5,994,000
Deduct:		
Dividends	2,836,000	2,554,000
Transfer to reserve for securities and loans	1,837,000	1,646,000
Transfer to general reserve	1,403,000	1,267,000
	6,076,000	5,467,000
Balance at end of year	$ 462,000	$ 527,000

CONSOLIDATED STATEMENT OF RESERVE FOR SECURITIES AND LOANS *Year Ended December 31, 1970*

	1970	1969
Balance at beginning of year	$ 20,167,000	$ 18,411,000
Transfer from unappropriated earnings	1,837,000	1,646,000
Net profit on sale of securities	97,000	170,000
Net loss on loans	(33,000)	—
Other non-recurring items	(127,000)	(60,000)
Balance at end of year *note 9*	$ 21,941,000	$ 20,167,000

CONSOLIDATED STATEMENT OF GENERAL RESERVE *Year Ended December 31, 1970*

	1970	1969
Balance at beginning of year	$ 25,600,000	$ 24,600,000
Transfer from unappropriated earnings	1,403,000	1,267,000
Premium on issue of shares *note 6*	6,397,000	—
Excess of cost of shares of Halton & Peel Trust & Savings Company over amount allocated to assets	—	(267,000)
Balance at end of year	$ 33,400,000	$ 25,600,000



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *Year Ended December 31, 1970*

1. **Basis of Consolidation**
Included in the consolidated financial statements are the accounts of The Huron and Erie Mortgage Corporation, The Canada Trust Company, The Waterloo Trust and Savings Company and Halton & Peel Trust & Savings Company. Consolidated assets at December 31, 1970 include $622,204,000 held to secure guaranteed trust deposits of the latter three Companies.

2. **Securities**
The Government and Provinces of Canada Bonds, which include both direct and guaranteed, and other bonds are stated at amortized cost. Short term corporation notes and stocks are stated at cost.
The market values at December 31 are:

	1970	1969
Bonds:		
Government of Canada	$100,609,000	$ 92,216,000
Provinces of Canada	24,863,000	23,175,000
Other	33,711,000	24,587,000
	159,183,000	139,978,000
Short term corporation notes	—	17,263,000
Stocks	21,126,000	21,032,000
	$180,309,000	$178,273,000

3. **Mortgages**
Mortgages include Government insured loans of $92,620,000 in 1970 and $38,587,000 in 1969.

4. **Other Assets**
Other assets include real estate on hand of $424,000 in 1970 (1969 $152,000) which does not exceed estimated market value.

5. **Premises and Equipment**
Premises and equipment are stated at cost, less accumulated depreciation of $9,212,000 at December 31, 1970 and $8,322,000 at December 31, 1969. Depreciation of $944,000 for 1970 and $935,000 for 1969, is computed on the straight line method and is included in other expenses.

6. **Capital**
During the year 609,232 shares of a par value of $2.00 each were issued for $12.50 cash per share pursuant to an offer to shareholders of rights to subscribe for one additional share for each eight shares held.

7. **Fees and Commissions**
In 1970 a billing policy was adopted under which fees on large estate, trust and agency accounts are charged quarterly, resulting in additional income of $897,000 with a consequent increase in net earnings of $422,000.

8. **Income Taxes**
Deferred income taxes arise as a result of claiming capital cost allowances in excess of depreciation recorded in the accounts.
Income taxes accordingly are as follows:

	1970	1969
Currently payable	$5,478,000	$4,975,000
Deferred	154,000	142,000
	$5,632,000	$5,117,000

9. **Reserve for Securities and Loans**
The total reserve for securities and loans exceeds the maximum allowable for tax purposes, and at the end of the year includes a tax paid balance of $3,229,000 (1969 $1,747,000).
In 1969 and prior years, the transfer to reserve for securities and loans was charged against earnings. To reflect, more accurately, the true earnings of the Companies, transfers to this reserve in 1970 are being made from unappropriated earnings. The 1969 figures have been re-stated to reflect this change in practice.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of The Huron and Erie Mortgage Corporation and its subsidiary companies as at December 31, 1970 and the consolidated statements of earnings, unappropriated earnings, reserve for securities and loans and general reserve for the year then ended and have obtained all the information and explanations we have required. Our examination of The Huron and Erie Mortgage Corporation and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For the subsidiary company of which we are not the auditors, we have carried out such enquiries and examinations as we considered necessary in order to rely on the report of the other auditors for purposes of consolidation.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Companies, these consolidated financial statements present fairly the financial position of the Companies as at December 31, 1970 and the results of their operations for the year then ended, on a basis consistent with that of the preceding year after giving effect to the changes in accounting practices referred to in Notes 7 and 9.

Thorne, Gunn, Helliwell & Christenson

THORNE, GUNN, HELLIWELL & CHRISTENSON
CHARTERED ACCOUNTANTS
London, Ontario, January 18, 1971



All of those listed are Directors of Canada Trust except Henry Borden, O. E. Manning and K. R. MacGregor who are Directors only of Huron & Erie. Those serving as Directors of both Companies are indicated by an asterik (*).

*A. E. BARRON, Toronto, Ontario, Chairman, Canadian Tire Corporation Limited

*W. A. BEAN, Waterloo, Ontario, Deputy Chairman and Vice-President, Canada Trust - Huron & Erie

W. J. BLACKBURN, London, Ontario, Publisher, London Free Press Printing Company

HENRY BORDEN, Toronto, Ontario, Director, Bell Canada

C. W. BRAZIER, Vancouver, B.C., Barrister

*V. P. CRONYN, London, Ontario, Retired Executive

GORDON FARRELL, Vancouver, B.C., Chairman, Ocean Cement Supplies Limited

E. HOUSER, Toronto, Ontario, Barrister

*A. H. JEFFERY, London, Ontario, Barrister

*TOM LAWSON, London, Ontario, President, Lawson & Jones Limited

*H. H. LEATHER, Hamilton, Ontario, Retired Executive

K. R. MacGREGOR, Waterloo, Ontario, President, The Mutual Life Assurance Co. of Canada

O. E. MANNING, Oakville, Ontario, President, Halton & Peel Trust & Savings Company

*M. C. G. MEIGHEN, Toronto, Ontario, President, Canadian General Investments Limited

*A. H. MINGAY, London, Ontario, Vice-President and General Manager, Canada Trust - Huron & Erie

C. O. NICKLE, Calgary, Alberta, Publisher, Daily Oil Bulletin

*R. H. REID, London, Ontario, President, London Life Insurance Company

G. W. ROBINSON, London, Ontario, Retired Executive

G. E. SHARPE, Winnipeg, Manitoba, President, Sharpe's Auto Electric Ltd.

W. H. SPRAGUE, Edmonton, Alberta, President, Sprague Drug Limited

R. W. STEVENS, Toronto, Ontario, Barrister

J. J. STUART, Windsor, Ontario, President, J. T. Wing Limited

*J. A. TAYLOR, London, Ontario, Chairman and President, Canada Trust - Huron & Erie

J. G. THOMPSON, London, Ontario, Chairman of the Board, Supertest Petroleum Corporation Limited

NOAH TORNO, Toronto, Ontario, President, Gramercy Holdings Limited

A. E. WALFORD, Montreal, Quebec, President, Waldyke-Investments Limited

CLARENCE WALLACE, Vancouver, B.C. President, Burrard Drydock Company Limited

*G. E. G. WHITAKER, London, Ontario, Assistant General Manager, London Region, Canada Trust - Huron & Erie

*J. D. WILSON, Vancouver, B.C., Vice-President, Canada Trust - Huron & Erie

R. B. WILSON, Victoria, B.C., Chancellor, University of Victoria

R. D. WOLFE, Willowdale, Ontario, President, The Oshawa Wholesale Limited

The following Directors of THE WATERLOO TRUST AND SAVINGS COMPANY have been invited to be Directors of THE CANADA TRUST COMPANY upon completion of the formal merger:

G. M. BRAY, Kitchener, Ontario, Barrister

D. W. BROWN, Kitchener, Ontario, President, General Spring Products Ltd.

GEORGE H. DOBBIE, Galt, Ontario, President, The Dobbie Industries Ltd.

W. W. FOOT, Kitchener, Ontario, President and General Manager, Economical Mutual Insurance Company

J. D. HARRISON, London, Ontario, Barrister

W. HOWARD HEMPHILL, Stratford, Ontario, President and General Manager, Imperial Furniture Mfg. Co. Ltd.

P. R. HILBORN, Preston, Ontario, President, Canadian Office and School Furniture Co.

K. R. MacGREGOR, Waterloo, Ontario, President, The Mutual Life Assurance Co. of Canada

HOWARD S. MATTHEWS, Guelph, Ontario, Retired Executive

H. L. McCULLOCH, Galt, Ontario, Chairman, Gore Mutual Insurance Co.

W. J. McGIBBON, Waterloo, Ontario, Barrister

DUNCAN McINTOSH, Galt, Ontario, President and Managing Director, Gore Mutual Insurance Company

JOHN E. MOTZ, Kitchener, Ontario, President and Publisher, Kitchener Daily Record

G. ERNEST ROBERTSON, Guelph, Ontario, Retired Executive

E. G. SCHAFER, Kitchener, Ontario, President, The Dominion Life Assurance Company

JOHN W. SCOTT, Kitchener, Ontario, Chairman, The Waterloo Trust and Savings Company

J. E. FROWDE SEAGRAM, Waterloo, Ontario, President, Jos. E. Seagram & Sons Ltd.

M. J. SMITH, Waterloo, Ontario, Honorary Chairman, The Equitable Life Insurance Company of Canada

J. D. STEVENSON, Toronto, Ontario, Barrister

ALFRED S. UPTON, Kitchener, Ontario, Director, The Dominion Life Assurance Company

C. N. WEBER, Kitchener, Ontario, President, C. N. Weber Limited

The following Directors of HALTON & PEEL TRUST & SAVINGS COMPANY also have been invited to become Directors of THE CANADA TRUST COMPANY upon completion of the formal merger:

W. J. BEATTY, Acton, Ontario, Vice-President, Halton & Peel Trust & Savings Company

O. E. MANNING, Oakville, Ontario, President, Halton & Peel Trust & Savings Company

C. A. MARTIN, Milton, Ontario, Vice-President, Halton & Peel Trust & Savings Company



TEN YEAR RECORD*

December 31 (to the nearest thousand)	1970	1969	1968	1967
Assets Under Administration	$2,871,000	2,574,000	2,232,000	1,689,000
Deposits	$1,255,000	1,139,000	997,000	662,000
Loans	$1,112,000	981,000	836,000	583,000
Estates, Trusts and Agencies	$1,546,000	1,375,000	1,197,000	977,000
Shareholders' Equity	$ 44,904	35,951	34,964	35,996
Year ended December 31 (to the nearest thousand)				
Net Earnings	$ 6,011	5,454	4,740	4,370
Dividends Declared (including bonuses)	$ 2,836	2,554	2,270	1,720
Per Share				
Number of Shares outstanding (@ $2 par value, and to the nearest thousand)	5,521	4,912	4,912	4,000
Net Earnings	$ 1.18	1.11	1.09	1.09
Regular Dividends Declared (including bonuses)	$ .56	.52	.52	.43
Special Centenary Payment	$ —	—	—	—
Shareholders' Equity	$ 8.13	7.32	7.12	9.00

**These statistics have been re-stated for 1969 and prior years to be on a comparable basis with current accounting practice. Net earnings per share are based on the weighted average of shares outstanding during the year.*

1966	1965	1964	1963	1962	1961
1,501,000	1,363,000	1,154,000	983,000	854,000	741,000
596,000	527,000	444,000	375,000	312,000	266,000
519,000	447,000	373,000	315,000	264,000	219,000
860,000	795,000	669,000	564,000	509,000	448,000
34,579	32,874	27,883	26,388	19,665	18,758
4,186	3,688	3,128	2,498	2,040	1,960
1,600	1,328	1,368	957	780	660
4,000	4,000	3,600	3,600	3,000	3,000
1.05	.94	.87	.72	.68	.65
.40	.32	.28	.28	.26	.22
—	—	.10	—	—	—
8.64	8.22	7.75	7.33	6.56	6.25

ADVISORY BOARDS

CENTRAL ALBERTA
C. O. NICKLE, Calgary, Publisher, Daily Oil Bulletin
G. L. CRAWFORD, Calgary, Barrister
F. C. MANNING, Calgary, Retired
S. J. PARKINSON, Calgary, President, Calgary Motor Products Ltd.

NORTHERN ALBERTA
W. H. SPRAGUE, Edmonton, President, Sprague Drug Ltd.
F. T. JENNER, Edmonton, President, Jenner Motors Limited
G. D. LOVE, Edmonton, President, Oxford Leaseholds Limited
W. C. MacKENZIE, Edmonton, Dean, Faculty of Medicine, University of Alberta
D. R. B. McARTHUR, Edmonton, President, Inland Cement Industries Ltd.
J. A. WEBER, Edmonton, President and Managing Director, Weber Bros. Realty Ltd.

SOUTHERN ALBERTA
W. P. DAVIDSON, Lethbridge, Barrister
A. W. BELL, Lethbridge, Chartered Accountant
G. H. SISSONS, Medicine Hat, President, Medicine Hat Brick & Tile Co., Ltd.

HALTON & PEEL
O. E. MANNING, Oakville, President, Halton & Peel Trust & Savings Co.
J. T. ARMSTRONG, Georgetown, Insurance Agent
J. R. BARBER, Georgetown, Barber & Henley Travel & Insurance Agency
M. C. BEATY, Milton, Real Estate Broker
W. J. BEATTY, Acton, Vice President, Halton & Peel Trust & Savings Company
A. G. CLARKSON, Streetsville, Professional Engineer
F. M. EARLY, Brampton, Early's Farm Supply
P. A. FISHER, Burlington, Retired Farmer
J. M. FRASER, Streetsville, Farmer
REFORD GARDHOUSE, Milton, Farmer
JOHN GOY, Acton, Executive
E. D. GOULDING, Toronto, President, Goulding Rose & Turner Ltd.
J. G. HICKEY, Port Credit, President, Oneida Realty Ltd.
G. B. JACKSON, Port Credit, Barrister
W. C. LAWRENCE, Brampton, Barrister
MICHAEL LEDWITH, Milton, President, Ledwith Food Markets Limited
F. E. LENNARD, Dundas, Retired Executive
C. A. MARTIN, Milton, Vice President, Halton & Peel Trust & Savings Company
ANGUS McMILLAN, Oakville, Barrister
A. G. McDERMOTT, Port Credit, Retired Executive
W. H. McCAUGHERTY, Streetsville, Retired Farmer
E. M. MILNE, Burlington, Retired Executive
JAMES PENGILLEY, Mississauga, Fruit Grower
E. S. PORTEOUS, Dundas, Retired Executive
E. E. SLACER, Oakville, Retired Farmer
D. B. YOUNG, Campbellville, Veterinarian

HAMILTON
H. H. LEATHER, Hamilton, Retired Executive
S. A. ALLAN, Hamilton, President, Reid Press Ltd.
W. R. CARTER, Hamilton, President & General Manager, Wentworth Motors Co. Ltd.
RALPH W. COOPER, Hamilton, President, Cooper Construction Co. Ltd.
F. W. DAKIN, Hamilton, President, G. W. Robinson Co. Ltd.
C. S. GLASSCO, Hamilton, Vice-President, Appleford Operations, Brown Forest Industries Ltd.
C. E. VAUGHAN, Hamilton, Radiologist

MANITOBA
G. E. SHARPE, Winnipeg, President, Sharpe's Auto Electric Ltd.
D. C. DINGWALL, Winnipeg, President and Managing Director, Henry Birks & Sons (Manitoba) Ltd.
GEORGE HEFFELFINGER, Winnipeg, President, National Grain Co. Ltd.
H. B. MONK, Winnipeg, Barrister
ALEX ROBERTSON, Winnipeg, President, The Winnipeg Supply & Fuel Co. Ltd.

MONTREAL
A. E. WALFORD, Montreal, President, Waldyke Investments Ltd.
G. L. BRUCK, Montreal, President, Bruck Mills Ltd.
HUGH CAMPBELL, Ottawa, Retired Air Vice-Marshal
W. L. FORSTER, Montreal, Consultant
ROLAND PILLENIERE, Longueuil, Financial Agent

NIAGARA PENINSULA
C. F. WOODWARD, St. Catharines, Niagara Industrial Relations Institute
F. M. CAIRNS, Niagara Falls, Vice-Chairman, Niagara Parks Commission
J. D. CROMARTY, Welland, Barrister
THOMAS EDMONDSON, St. Catharines, President, Ferranti-Packard Ltd.
E. H. LANCASTER, St. Catharines, Barrister
J. N. McWATTERS, St. Catharines, Vice-President Scott Misener Steamships Ltd.
A. A. WIDDICOMBE, St. Catharines, President, A. A. Widdicombe & Son Ltd.

NORFOLK
G. H. FORT, Simcoe, Barrister
L. S. CULVER, Simcoe, Farmer
D. H. GILBERTSON, Simcoe, Town of Simcoe Clerk Treasurer
HAROLD HEATH, Delhi, Merchant
R. E. MANN, Simcoe, President, R. E. Mann Agencies Limited
W. G. SMITH, Delhi, Lumber Merchant
B. M. WALLACE, Simcoe, Retired Executive

SARNIA
J. S. BLUNT, Sarnia, President, Holmes Foundry Ltd.
W. B. CARRUTHERS, Sarnia, Physician
G. R. COLES, Sarnia, President, Gordon R. Coles Construction Ltd.

TORONTO
M. C. G. MEIGHEN, Toronto, President, Canadian General Investments Ltd.
A. E. BARRON, Chairman, Canadian Tire Corporation Ltd.
HENRY BORDEN, Toronto, Director, Bell Canada
W. H. CLARK, Thornhill, Retired Executive
J. M. DUNWOODY, Toronto, Chartered Accountant
ELMORE HOUSER, Toronto, Barrister
MARGARET P. HYNDMAN, Toronto, Barrister
E. A. R. NEWSON, Toronto, Barrister
R. W. STEVENS, Toronto, Barrister
J. D. STEVENSON, Toronto, Barrister
NOAH TORNO, Toronto, President, Gramercy Holdings Ltd.
R. D. WOLFE, Willowdale, President, The Oshawa Wholesale Limited

VANCOUVER
GORDON FARRELL, Vancouver, Chairman, Ocean Cement Supplies Ltd.
J. L. TRUMBULL, Vancouver, Retired Executive
H. CLARK BENTALL, Vancouver, President, Dominion Construction Ltd.
C. W. BRAZIER, Vancouver, Barrister
JOHN M. BUCHANAN, Vancouver, Director, MacMillan Bloedel Ltd.
J. A. CLARK, Vancouver, Barrister
J. V. CLYNE, Vancouver, Chairman and Chief Executive Officer, MacMillan Bloedel Ltd.
ANDREW B. GRAHAM, Vancouver, Director, Anglo Canadian Shipping Co. Ltd.
H. R. MacMILLAN, Vancouver, Retired Executive
RICHARD NELSON, Vancouver, Chairman, Nelson Bros. Fisheries Ltd.
CLARKE SIMPKINS, Vancouver, President, Clarke Simpkins Ltd.
CLARENCE WALLACE, Vancouver, President, Burrard Drydock Co. Ltd.
J. D. WILSON, Vancouver, Vice-President, Canada Trust - Huron & Erie

VICTORIA
R. B. WILSON, Victoria, Chancellor, University of Victoria
F. N. CABELDU, Victoria, President, F. N. Cabeldu Ltd.
WILLIAM C. MEARNS, Victoria, Executive Director, British Columbia Hydro
H. R. STEPHEN, Victoria, Retired
R. W. WHITTOME, Duncan, Managing Director, J. H. Whittome & Co. Ltd.
J. H. WILSON, Victoria, President, W. & J. Wilson Ltd.

WINDSOR
A. F. FUERTH, Windsor, Retired Executive
S. MURRAY CLARK, Harrow, General Manager, Kingsville Coal & Dock Co. Ltd.
F. K. JASPERSON, Windsor
P. J. G. KIDD, Windsor, Vice-President, Hiram Walker-Gooderham & Worts Ltd.
J. J. STUART, Windsor, President, J. T. Wing Ltd.
G. P. WHALEY, Ruthven, President, George Whaley & Sons Ltd.

GENERAL MANAGER'S REPORT



This, our 107th Annual Report, tells of an excellent operating year in spite of higher operating costs and a further narrowing of the interest differential between the yield on loans and investments, and the cost of funds. We have worked hard in 1970, to further improve our operating efficiency; it was also a year of intensified planning for the future.

GROWTH OF ASSETS

In 1970, assets under administration, reached record levels, and at the year-end totalled $2,871 millions representing an increase of 11.5 per cent or $297 millions.

On pages 20 and 21, a historical record shows the exciting growth of our Company during the past decade.

DEPOSITS

Deposits increased $116 millions or 10.2 per cent to a total of $1,255 millions at December 31, 1970. Our deposit "mix" is now 34 per cent Demand and 66 per cent Term, compared to 37 per cent Demand and 63 per cent Term at the end of 1969. Competition for Demand deposits continues to be very keen.

INTEREST RATES

In spite of high mortgage rates, the pressure on earnings continued during the year, due to a further narrowing of the spread in the interest we must pay to attract deposits and the rates we charge on loans.

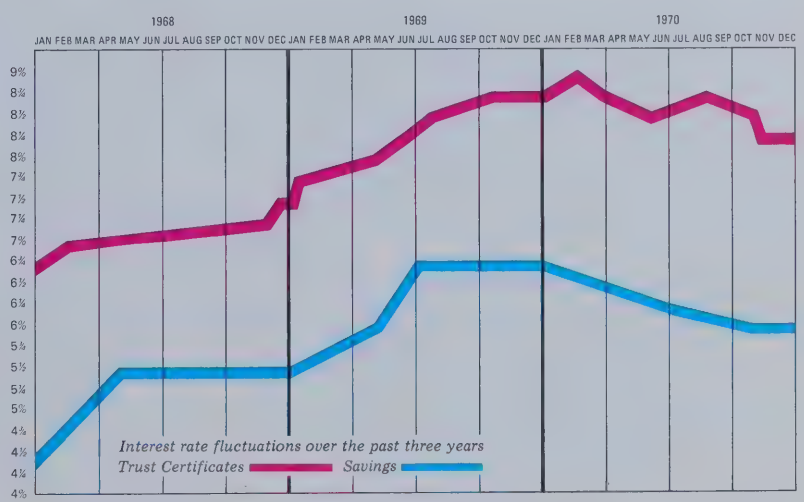
For a period of four weeks in 1970, we paid the highest term money rate in history - 9 per cent. In July, our historically high 6 3/4 per cent Savings rate dropped to 6 1/4 per cent - and to 6 per cent in November. During the latter part of the year, short term money rates dropped significantly.

LOANS

Mortgage loans increased 12.3 per cent or $119 millions in 1970, to a total of $1,086 millions. Mortgage arrears continue at an exceptionally low level. In 1970, net losses on the disposition or write-down of real estate on hand totalled $33,318. At the year end, we had 4 parcels of real estate on hand, and the estimated market value of such property is $424,000. No loss is anticipated on the sale of these properties.

During the past year, the policy of a commitment fee on larger mortgage loans has made a significant contribution to profitability.

Consumer and personal loans increased $4 millions during the year to a total of $6 millions. We continue to maintain a very



Interest rate fluctuations over the past three years

high quality of lending in this area, as indicated by the fact that we had only 14 delinquent accounts out of 4,011 as of December 31, 1970, and to date, we have experienced no losses. Our consumer and personal loan service will be extended to most of the branch system by the end of 1971. This new service holds promise of making an important contribution to earnings in the years ahead.

TRUST BUSINESS

Estate, Trust and Agency business increase for the year was $171 millions or 12.4 per cent and now totals $1,546 millions in assets under administration at book value. Personal Trust assets increased by $88 millions and Pension Trust Funds by $83 millions. During the year, we received 42 new Corporate Pension Trustee appointments and 60 Corporate Trustee, Registrar and Transfer Agent appointments.

Net earnings on our Trust business are still unrealistically low relative to the substantial increase we have enjoyed in recent years in assets entrusted to our care, and one of our prime objectives continues to be improvement in the profit margin of our Trust operations. Part of this objective was realized in 1970, by a change in our billing policy, as referred to in the President's Report.

We are taking steps to expand our Real Estate operations and Appraisal Service, and expect that income from this source will increase significantly in future years.

EXTENSION OF BRANCH SYSTEM

Three new branches were opened during the year. Waterloo-University opened in February; Windsor-Devonshire Mall and the Toronto-Fairview Mall were opened in August. All of these new branches represent additional locations in these cities. Each is in a shopping centre, which continue to offer the most attractive opportunities for branches that cater primarily to savings, chequing and loan customers. The volume of business of all three branches is most encouraging, and we look forward to their contribution to earnings even earlier than originally anticipated. Our Branch System now totals 82 — a complete listing of the locations are found on pages 32 and 33. In 1971, we will be opening a branch in the new Calgary Market Mall.

NEW FACILITIES

Early in September, our new ten story building was opened in Edmonton. Later in the month, we opened, on a new site in Stratford, a completely remodelled building, which provides a fine home for our branch there. Both the Red Deer and Winnipeg Branches were remodelled during the year, and the Montreal and Saskatoon Branches moved to new quarters. Some of the new facilities and branches are pictured on pages 30 and 31.

COMPUTERIZATION

In 1971, a number of additional computer conversion programs will be completed and this should assist in restraining the continuing increase in operating costs. For example, we now have 28 branches on our On-Line system using 63 teller terminals. These terminals are connected to our computer by approximately 1,000 miles of telephone lines. During 1971, we will be converting the remainder of the London Branches and St. Thomas Branch to the On-Line system.

MARKETING

In 1970, we have further strengthened our marketing operations in order to anticipate and respond to the changing financial needs of our customers. It will be evident to those who see or hear our advertising messages, that they are lively, readable, and in good taste. We try to have our advertising

receive above average attention by the public, and will be continuing our efforts in this important area in 1971. As in recent years, a number of marketing programs have been most helpful in bringing Company services to the attention of the public.

THE EFFORT OF OUR PEOPLE

Our substantial accomplishments in 1970 were due in large measure, to the loyal and tireless efforts of our staff. We are proud and appreciative of the achievements, understanding and support of our personnel across Canada and would like to take this opportunity to express a warm and sincere thank you to them. Our people face the future with enthusiasm and their continued fine efforts will, we are confident, result in the achievement of even higher levels of performance in the years ahead.

OUTLOOK FOR 1971

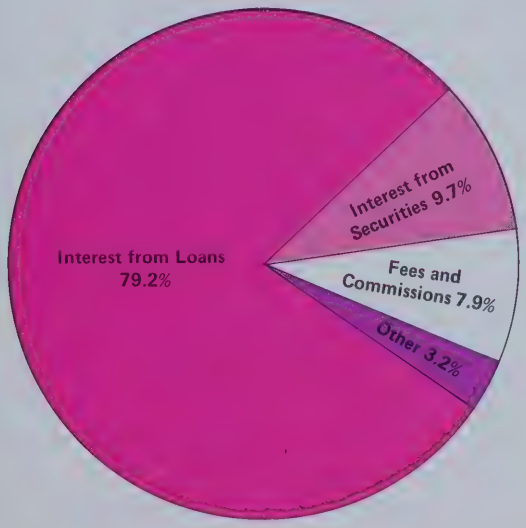
There is, fortunately, some evidence of an improvement in the differential between our earnings rates and the cost of funds, and we expect this to continue at least through the early part of 1971.

In spite of the feelings of uncertainty which currently prevail in many sectors of our economy, we expect that 1971 will be another year of satisfactory growth.

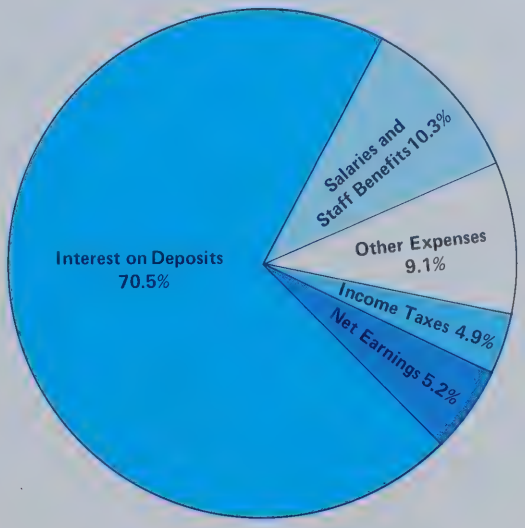
Arthur Irving

Vice-President and General Manager
London, Ontario, January 22, 1971

Where revenue came from



Where revenue went



MANAGEMENT IN DEPTH

Responsibility for the conduct of the company's affairs is shared by management at all levels. On these pages are the names of some of those people.

Pictured are the Assistant General Managers who serve on the Corporate Management Group of the Company. Specific responsibilities follow their names: In the group at left are John S. Beatty, Halton & Peel Region; Ronald Clayton, Toronto Region; Cyril A. Holding, Eastern Canada Region.

In the top row, left to right: Keith L. Sumner, Finance; Donald E. McLean, Marketing Services; George E. G. Whitaker, London Region; Mervyn L. Lahn, Central Ontario Region; Derek J. Warren, Prairie Region. Bottom row, left to right: John H. Speake, Estates & Trusts; Charles C. Parsons, Operations; John R. Biggs, Southern Ontario Region; James T. Lindores, Management Services.



R. Wray Auger
Assistant General Manager
Trust Consultant

C. Robert Clarke
General Counsel

Matthew G. Couldrey
Investment Consultant

Don L. Hughes
Co-ordinator of Corporate Planning

Donald C. King
Manager
Loans Division

Robert A. Knighton
Secretary

Walter J. Kucherepa
Manager
Real Estate Division

Donald A. MacDonald
Manager
Corporate Trust Division

Kenneth T. McNair
Manager
Premises Division

Kenneth W. Meston
Manager
Personal Trust Division

E. Donald Miller
Treasurer

Jack Oldham
Manager
Public Relations

Robert E. Redgwell
Comptroller

Herbert N. Seath
Manager
Investment Division

Harry A. Syer
Assistant General Manager
Kitchener Main Branch

John T. Wallace
Manager
Pension and Funds Division

Gwyn E. Williams
Superintendent of Mortgages



EMPLOYEES

"People Helping People" is a philosophy and thus a way of life for many members of our staff.

Throughout the community, you'll often find employees at all levels, participating in the thousands of activities that keep our culture and democratic process alive. Look for them on the planning boards, in the glee clubs, in service clubs, in the Chambers of Commerce, in the art gallery societies, canvassing for cancer research, and working with the underprivileged and the handicapped. Invariably, you have Canada Trust people taking part.

Within our own organization, staff training schemes and a



discriminating eye to contemporary thinking, make Canada Trust a nice place to work. When tellers wear pant suits, when staff join in to make a sales campaign successful, when everyone participates in many other company promotions and activities across the nation, it's all good for people, and good for growth.

Then there are the things our people do because it is our business to do things for people, like serving the needs of the blind in Milton, or even arranging a cowboy funeral in Medicine Hat, as part of the terms of a Will. The things we do are the things that count; we do them for ourselves and we do them for others.



BRICKS AND MORTAR

"People Helping People" means getting together in pleasant places.

We feel we have some of the nicest meeting places in the land, and after all, when people are doing business these days, they are entitled to the best surroundings. With us, it's just another way to please our customers.

We work at this, as evidenced by the many attractive branches we have across the nation. Whether it's our London-Main or Toronto-Main Branch, with heated sidewalks to swish away the ice and snow, or those pleasant locations where we have chimes



ringing a message of cheer, it's all part of our attitude of welcome. In some branches, we have clocks, in others, comfortable areas where people meet.

Our offices are for people, and we never forget that fact. We may not have "Welcome" etched on the door mats, but the atmosphere of our branches is one of warmth and an aim to please.

Of course, bricks and mortar have no personality of their own; it comes through proper use of design. And our branch people are chosen with care, thus creating a spirit of service that makes customers want to return, again and again.

Our buildings, old and new, carry a tradition of friendliness, that has been with us for over a hundred years.

Below: Left and centre is the new office in Edmonton and the branch in Stratford. On the right the new Toronto Fairview Mall branch.



BRANCH SYSTEM

Barrie: *91 Dunlop St.*
Brampton: *28 Main St., N.*
Brandon: *636 Rosser Ave.*
Burlington: *Burlington Mall; 449 Brant St.*
Calgary: *528 - 8th Ave., S.W.; Brentwood Plaza*
Chatham: *62 King W.*
Delhi: *118 Church St.*
Dundas: *King W. at Sydenham*
Elmira: *57 Arthur St.*
Edmonton: *100th St. at 101A Ave.*
Fergus: *Tower at St. Andrews*
Galt: *44 Main St.*
Georgetown: *55 Main St., N.*
Guelph: *Wyndham at Cork; 118 Wyndham St.*
Halifax: *1657 Barrington St.*
Hamilton: *King at Hughson*
Kingston: *225 Bagot St.*
Kitchener: *King at Water; King at Ontario; Belmont Blvd. W.; Fairview Park Mall; Forest Hill Plaza; Stanley Park Mall*
Lethbridge: *3rd Ave. at 7th St., S.*



CHILDREN



COMPANIES

FINANCIAL STATEMENTS



DIRECTORS & ADVISORY BOARDS

BRICKS AND MORTAR



BRANCH SYSTEM

London: *Dundas at Clarence; 4 Covent Market Pl.; Dundas at English; Wortley at Elmwood; Richmond at University; Oakridge Plaza*
Medicine Hat: *3rd St. at 5th Ave., S.E.*
Milton: *Main at Charles*
Mississauga: *2580 Hurontario*
Montreal: *800 Dorchester Blvd., W.; 7040 St. Hubert St.*
Moose Jaw: *318 Main St., N.*
Nanaimo: *Commercial at Wharf*
New Westminster: *622 - 6th St.*
Oakville: *Lakeshore at Trafalgar*
Ottawa: *77 Metcalfe St.*
Port Colborne: *Clarence at Elm*
Preston: *King E. at Ergyle*
Prince George: *Victoria at 5th*
Red Deer: *4928 Ross St.*
Regina: *1921 Scarth at Victoria Pk.*
St. Catharines: *King at Queen; Pen Centre*
St. Thomas: *Talbot at Elgin*
Sarnia: *Christina at London; 139 Lochiel*
Saskatoon: *115-2nd Ave. N. at 22nd St. E.*
Simcoe: *Norfolk N. at Young*
Stratford: *Downie at Albert*
Toronto: *Yonge at Adelaide; St. Clair W. at Yonge; 472 Eglinton Ave., W.; Bloor at the Kingsway; Markland Wood Plaza; Yonge at Erskine; Richview at Wincott; Gerrard at Carlaw; Shoppers' World; St. Andrews Plaza; Fairview Mall*
Vancouver: *West Pender at Hornby; Cambie at 41st; Main St. at Hastings; 41st Ave. W. at Yew; Hastings at Kamloops; Denman at Comox; Park Royal Mall*
Victoria: *View at Broad*
Waterloo: *Erb W. at King; Weber at Lincoln; Westmount Place*
Windsor: *190 University Ave., W.; Devonshire Mall*
Winnipeg: *Portage at Fort*
Yorkton: *9 - 3rd Avenue North*



Consolidated Annual Report for the year ended December 31, 1970

THE HURON AND ERIE MORTGAGE CORPORATION
THE CANADA TRUST COMPANY
and its subsidiaries
The Waterloo Trust and Savings Company and Halton & Peel Trust & Savings Company

Head Office: London, Canada.

FACTS IN BRIEF

		1970		1969
Income	$	114,488,000	$	95,025,000
Expense		102,845,000		84,454,000
Earnings before taxes		11,643,000		10,571,000
Income taxes		5,632,000		5,117,000
Net earnings		6,011,000		5,454,000
Net earnings per share	*	$1.18		$1.11
Dividends declared		2,836,000		2,554,000
Dividends per share		$.56		$.52

*Based on weighted average of shares outstanding

Assets under Administration	$2,871,000,000	$2,574,000,000
Deposits	1,255,000,000	1,139,000,000
Loans	1,112,000,000	981,000,000
Estates, Trusts and Agencies	1,546,000,000	1,375,000,000
Shareholders' Equity	45,000,000	36,000,000
Number of Shareholders	4678	4763
Number of Employees	1868	1795
Number of Branches	82	79

The 1969 figures have been re-stated to be on a comparable basis.

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"PEOPLE HELPING PEOPLE"
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Our theme: "People Helping People" has been a Canada Trust philosophy for over 100 years. It is the reason for our continued growth. We help.

Canada Trust

"People Helping People" Financially, for Over 100 Years